

Customers of Improper Credit Services Company Receive Refunds After Settlement

Cornerstone Credit Services no longer operating in Delaware

Attorney General Matt Denn announced that 35 Delawareans victimized by a national debt services provider recently received refunds for fees and costs paid for unlawful debt management services rendered by Cornerstone Credit Services, a Wisconsin company. In December 2017, the Wilmington law firm of Cross & Simon and the Consumer Protection Unit (CPU) of the DOJ's Fraud and Consumer Protection Division reached a settlement with Cornerstone, under which Cornerstone ceased doing business in Delaware and refunded fees and costs totaling more than \$115,000 to Delaware consumers.

Delaware law requires that debt management services providers doing business in the state register with the Attorney General, obtain a license, and fulfill a number of other requirements. The relevant statute exempts law firms providing legal services, and evidence produced during the litigation showed that Cornerstone had hired a law firm as its purported local representative in Delaware in an attempt to evade the statutory requirements. In 2015, the Cross & Simon law firm filed an action in the Court of Chancery alleging that Cornerstone's business model was a sham and that the company had been charging fees to Delaware customers while not substantially lowering their debts. In 2017, the CPU moved to intervene in the litigation on the side of the plaintiffs, in order to ensure that any resolution of the case would include relief for all affected customers. In December 2017, the case settled.

Over the past two weeks, CPU representatives have been

distributing checks, in some cases totaling several thousand dollars, to each of the consumers affected. "This is another example of how our CPU protects Delaware consumers," Attorney General Denn said. "I want to thank Rick Cross and Cross & Simon, and Deputy Attorney General Michael Clarke and Chief Special Investigator Alan Rachko and their team, for their diligence in pursuing this case for the benefit of the Delaware customers, some of whom were facing significant financial difficulties."